

AMENDED IN SENATE JUNE 17, 2014

AMENDED IN SENATE JUNE 2, 2014

AMENDED IN ASSEMBLY APRIL 22, 2014

AMENDED IN ASSEMBLY APRIL 3, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1582

Introduced by Assembly Member Mullin

February 3, 2014

An act to amend, *repeal, and add* Section 34177 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1582, as amended, Mullin. Redevelopment: successor agencies: Recognized Obligation Payment Schedule.

The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies. Existing law requires a successor agency to, among other things, prepare a Recognized Obligation Payment Schedule for payments on enforceable obligations for each 6-month fiscal period.

This bill would, *commencing January 1, 2016*, revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to provide that the successor agency prepare a schedule for a 12-month fiscal period, *with the first of these periods beginning July 1, 2016*, and

would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board during a 12-month fiscal period if the amendment is approved at least 90 days before the date of the next property tax distribution.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 34177 of the Health and Safety Code is
2 amended to read:
3 34177. Successor agencies are required to do all of the
4 following:
5 (a) Continue to make payments due for enforceable obligations.
6 (1) On and after February 1, 2012, and until a Recognized
7 Obligation Payment Schedule becomes operative, only payments
8 required pursuant to an enforceable obligations payment schedule
9 shall be made. The initial enforceable obligation payment schedule
10 shall be the last schedule adopted by the redevelopment agency
11 under Section 34169. However, payments associated with
12 obligations excluded from the definition of enforceable obligations
13 by paragraph (2) of subdivision (d) of Section 34171 shall be
14 excluded from the enforceable obligations payment schedule and
15 be removed from the last schedule adopted by the redevelopment
16 agency under Section 34169 prior to the successor agency adopting
17 it as its enforceable obligations payment schedule pursuant to this
18 subdivision. The enforceable obligation payment schedule may
19 be amended by the successor agency at any public meeting and
20 shall be subject to the approval of the oversight board as soon as
21 the board has sufficient members to form a quorum. In recognition
22 of the fact that the timing of the California Supreme Court's ruling
23 in the case California Redevelopment Association v. Matosantos
24 (2011) 53 Cal.4th 231 delayed the preparation by successor
25 agencies and the approval by oversight boards of the January 1,
26 2012, through June 30, 2012, Recognized Obligation Payment
27 Schedule, a successor agency may amend the Enforceable
28 Obligation Payment Schedule to authorize the continued payment
29 of enforceable obligations until the time that the January 1, 2012,
30 through June 30, 2012, Recognized Obligation Payment Schedule
31 has been approved by the oversight board and by the Department

1 of Finance. The successor agency may utilize reasonable estimates
2 and projections to support payment amounts for enforceable
3 obligations if the successor agency submits appropriate supporting
4 documentation of the basis for the estimate or projection to the
5 Department of Finance and the auditor-controller.

6 (2) The Department of Finance and the Controller shall each
7 have the authority to require any documents associated with the
8 enforceable obligations to be provided to them in a manner of their
9 choosing. Any taxing entity, the department, and the Controller
10 shall each have standing to file a judicial action to prevent a
11 violation under this part and to obtain injunctive or other
12 appropriate relief.

13 (3) Commencing on the date the Recognized Obligation Payment
14 Schedule is valid pursuant to subdivision (I), only those payments
15 listed in the Recognized Obligation Payment Schedule may be
16 made by the successor agency from the funds specified in the
17 Recognized Obligation Payment Schedule. In addition, after it
18 becomes valid, the Recognized Obligation Payment Schedule shall
19 supersede the Statement of Indebtedness, which shall no longer
20 be prepared nor have any effect under the Community
21 Redevelopment Law (Part 1 (commencing with Section 33000)).

22 (4) Nothing in the act adding this part is to be construed as
23 preventing a successor agency, with the prior approval of the
24 oversight board, as described in Section 34179, from making
25 payments for enforceable obligations from sources other than those
26 listed in the Recognized Obligation Payment Schedule.

27 (5) From February 1, 2012, to July 1, 2012, a successor agency
28 shall have no authority and is hereby prohibited from accelerating
29 payment or making any lump-sum payments that are intended to
30 prepay loans unless such accelerated repayments were required
31 prior to the effective date of this part.

32 (b) Maintain reserves in the amount required by indentures,
33 trust indentures, or similar documents governing the issuance of
34 outstanding redevelopment agency bonds.

35 (c) Perform obligations required pursuant to any enforceable
36 obligation.

37 (d) Remit unencumbered balances of redevelopment agency
38 funds to the county auditor-controller for distribution to the taxing
39 entities, including, but not limited to, the unencumbered balance
40 of the Low and Moderate Income Housing Fund of a former

1 redevelopment agency. In making the distribution, the county
2 auditor-controller shall utilize the same methodology for allocation
3 and distribution of property tax revenues provided in Section
4 34188.

5 (e) Dispose of assets and properties of the former redevelopment
6 agency as directed by the oversight board; provided, however, that
7 the oversight board may instead direct the successor agency to
8 transfer ownership of certain assets pursuant to subdivision (a) of
9 Section 34181. The disposal is to be done expeditiously and in a
10 manner aimed at maximizing value. Proceeds from asset sales and
11 related funds that are no longer needed for approved development
12 projects or to otherwise wind down the affairs of the agency, each
13 as determined by the oversight board, shall be transferred to the
14 county auditor-controller for distribution as property tax proceeds
15 under Section 34188. The requirements of this subdivision shall
16 not apply to a successor agency that has been issued a finding of
17 completion by the Department of Finance pursuant to Section
18 34179.7.

19 (f) Enforce all former redevelopment agency rights for the
20 benefit of the taxing entities, including, but not limited to,
21 continuing to collect loans, rents, and other revenues that were due
22 to the redevelopment agency.

23 (g) Effectuate transfer of housing functions and assets to the
24 appropriate entity designated pursuant to Section 34176.

25 (h) Expeditiously wind down the affairs of the redevelopment
26 agency pursuant to the provisions of this part and in accordance
27 with the direction of the oversight board.

28 (i) Continue to oversee development of properties until the
29 contracted work has been completed or the contractual obligations
30 of the former redevelopment agency can be transferred to other
31 parties. Bond proceeds shall be used for the purposes for which
32 bonds were sold unless the purposes can no longer be achieved,
33 in which case, the proceeds may be used to defease the bonds.

34 (j) Prepare a proposed administrative budget and submit it to
35 the oversight board for its approval. The proposed administrative
36 budget shall include all of the following:

37 (1) Estimated amounts for successor agency administrative costs
38 for the upcoming six-month fiscal period.

39 (2) Proposed sources of payment for the costs identified in
40 paragraph (1).

1 (3) Proposals for arrangements for administrative and operations
2 services provided by a city, county, city and county, or other entity.

3 (k) Provide administrative cost estimates, from its approved
4 administrative budget that are to be paid from property tax revenues
5 deposited in the Redevelopment Property Tax Trust Fund, to the
6 county auditor-controller for each six-month fiscal period.

7 (l) (1) Before each six-month fiscal period, prepare a
8 Recognized Obligation Payment Schedule in accordance with the
9 requirements of this paragraph. For each recognized obligation,
10 the Recognized Obligation Payment Schedule shall identify one
11 or more of the following sources of payment:

12 (A) Low and Moderate Income Housing Fund.

13 (B) Bond proceeds.

14 (C) Reserve balances.

15 (D) Administrative cost allowance.

16 (E) The Redevelopment Property Tax Trust Fund, but only to
17 the extent no other funding source is available or when payment
18 from property tax revenues is required by an enforceable obligation
19 or by the provisions of this part.

20 (F) Other revenue sources, including rents, concessions, asset
21 sale proceeds, interest earnings, and any other revenues derived
22 from the former redevelopment agency, as approved by the
23 oversight board in accordance with this part.

24 (2) A Recognized Obligation Payment Schedule shall not be
25 deemed valid unless all of the following conditions have been met:

26 (A) A Recognized Obligation Payment Schedule is prepared
27 by the successor agency for the enforceable obligations of the
28 former redevelopment agency. The initial schedule shall project
29 the dates and amounts of scheduled payments for each enforceable
30 obligation for the remainder of the time period during which the
31 redevelopment agency would have been authorized to obligate
32 property tax increment had the a redevelopment agency not been
33 dissolved.

34 (B) The Recognized Obligation Payment Schedule is submitted
35 to and duly approved by the oversight board. The successor agency
36 shall submit a copy of the Recognized Obligation Payment
37 Schedule to the county administrative officer, the county
38 auditor-controller, and the Department of Finance at the same time
39 that the successor agency submits the Recognized Obligation
40 Payment Schedule to the oversight board for approval.

1 (C) A copy of the approved Recognized Obligation Payment
2 Schedule is submitted to the county auditor-controller, the
3 Controller's office, and the Department of Finance, and is posted
4 on the successor agency's Internet Web site.

5 (3) The Recognized Obligation Payment Schedule shall be
6 forward looking to the next six months. The first Recognized
7 Obligation Payment Schedule shall be submitted to the Controller's
8 office and the Department of Finance by April 15, 2012, for the
9 period of January 1, 2012, to June 30, 2012, inclusive. This
10 Recognized Obligation Payment Schedule shall include all
11 payments made by the former redevelopment agency between
12 January 1, 2012, through January 31, 2012, and shall include all
13 payments proposed to be made by the successor agency from
14 February 1, 2012, through June 30, 2012. Former redevelopment
15 agency enforceable obligation payments due, and reasonable or
16 necessary administrative costs due or incurred, prior to January 1,
17 2012, shall be made from property tax revenues received in the
18 spring of 2011 property tax distribution, and from other revenues
19 and balances transferred to the successor agency.

20 (m) The Recognized Obligation Payment Schedule for the period
21 of January 1, 2013, to June 30, 2013, shall be submitted by the
22 successor agency, after approval by the oversight board, no later
23 than September 1, 2012. Commencing with the Recognized
24 Obligation Payment Schedule covering the period July 1, 2013,
25 through December 31, 2013, successor agencies shall submit an
26 oversight board-approved Recognized Obligation Payment
27 Schedule to the Department of Finance and to the county
28 auditor-controller no fewer than 90 days before the date of property
29 tax distribution. The Department of Finance shall make its
30 determination of the enforceable obligations and the amounts and
31 funding sources of the enforceable obligations no later than 45
32 days after the Recognized Obligation Payment Schedule is
33 submitted. Within five business days of the department's
34 determination, a successor agency may request additional review
35 by the department and an opportunity to meet and confer on
36 disputed items. The meet and confer period may vary; an untimely
37 submittal of a Recognized Obligation Payment Schedule may result
38 in a meet and confer period of less than 30 days. The department
39 shall notify the successor agency and the county auditor-controllers

1 as to the outcome of its review at least 15 days before the date of
2 property tax distribution.

3 (1) The successor agency shall submit a copy of the Recognized
4 Obligation Payment Schedule to the Department of Finance
5 electronically, and the successor agency shall complete the
6 Recognized Obligation Payment Schedule in the manner provided
7 for by the department. A successor agency shall be in
8 noncompliance with this paragraph if it only submits to the
9 department an electronic message or a letter stating that the
10 oversight board has approved a Recognized Obligation Payment
11 Schedule.

12 (2) If a successor agency does not submit a Recognized
13 Obligation Payment Schedule by the deadlines provided in this
14 subdivision, the city, county, or city and county that created the
15 redevelopment agency shall be subject to a civil penalty equal to
16 ten thousand dollars (\$10,000) per day for every day the schedule
17 is not submitted to the department. The civil penalty shall be paid
18 to the county auditor-controller for allocation to the taxing entities
19 under Section 34183. If a successor agency fails to submit a
20 Recognized Obligation Payment Schedule by the deadline, any
21 creditor of the successor agency or the Department of Finance or
22 any affected taxing entity shall have standing to and may request
23 a writ of mandate to require the successor agency to immediately
24 perform this duty. Those actions may be filed only in the County
25 of Sacramento and shall have priority over other civil matters.
26 Additionally, if an agency does not submit a Recognized Obligation
27 Payment Schedule within 10 days of the deadline, the maximum
28 administrative cost allowance for that period shall be reduced by
29 25 percent.

30 (3) If a successor agency fails to submit to the department an
31 oversight board-approved Recognized Obligation Payment
32 Schedule that complies with all requirements of this subdivision
33 within five business days of the date upon which the Recognized
34 Obligation Payment Schedule is to be used to determine the amount
35 of property tax allocations, the department may determine if any
36 amount should be withheld by the county auditor-controller for
37 payments for enforceable obligations from distribution to taxing
38 entities, pending approval of a Recognized Obligation Payment
39 Schedule. The county auditor-controller shall distribute the portion
40 of any of the sums withheld pursuant to this paragraph to the

1 affected taxing entities in accordance with paragraph (4) of
2 subdivision (a) of Section 34183 upon notice by the department
3 that a portion of the withheld balances are in excess of the amount
4 of enforceable obligations. The county auditor-controller shall
5 distribute withheld funds to the successor agency only in
6 accordance with a Recognized Obligation Payment Schedule
7 approved by the department. County auditor-controllers shall lack
8 the authority to withhold any other amounts from the allocations
9 provided for under Section 34183 or 34188 unless required by a
10 court order.

11 (4) (A) The Recognized Obligation Payment Schedule payments
12 required pursuant to this subdivision may be scheduled beyond
13 the existing Recognized Obligation Payment Schedule cycle upon
14 a showing that a lender requires cash on hand beyond the
15 Recognized Obligation Payment Schedule cycle.

16 (B) When a payment is shown to be due during the Recognized
17 Obligation Payment Schedule period, but an invoice or other billing
18 document has not yet been received, the successor agency may
19 utilize reasonable estimates and projections to support payment
20 amounts for enforceable obligations if the successor agency submits
21 appropriate supporting documentation of the basis for the estimate
22 or projection to the department and the auditor-controller.

23 (C) A Recognized Obligation Payment Schedule may also
24 include appropriation of moneys from bonds subject to passage
25 during the Recognized Obligation Payment Schedule cycle when
26 an enforceable obligation requires the agency to issue the bonds
27 and use the proceeds to pay for project expenditures.

28 (n) Cause a postaudit of the financial transactions and records
29 of the successor agency to be made at least annually by a certified
30 public accountant.

31 (o) *This section shall remain in effect only until July 1, 2016,*
32 *and as of that date is repealed.*

33 *SEC. 2. Section 34177 is added to the Health and Safety Code,*
34 *to read:*

35 *34177. Successor agencies are required to do all of the*
36 *following:*

37 *(a) Continue to make payments due for enforceable obligations.*

38 *(1) On and after February 1, 2012, and until a Recognized*
39 *Obligation Payment Schedule becomes operative, only payments*
40 *required pursuant to an enforceable obligations payment schedule*

1 shall be made. The initial enforceable obligation payment schedule
 2 shall be the last schedule adopted by the redevelopment agency
 3 under Section 34169. However, payments associated with
 4 obligations excluded from the definition of enforceable obligations
 5 by paragraph (2) of subdivision (d) of Section 34171 shall be
 6 excluded from the enforceable obligations payment schedule and
 7 be removed from the last schedule adopted by the redevelopment
 8 agency under Section 34169 prior to the successor agency adopting
 9 it as its enforceable obligations payment schedule pursuant to this
 10 subdivision. The enforceable obligation payment schedule may be
 11 amended by the successor agency at any public meeting and shall
 12 be subject to the approval of the oversight board as soon as the
 13 board has sufficient members to form a quorum. In recognition of
 14 the fact that the timing of the California Supreme Court's ruling
 15 in the case *California Redevelopment Association v. Matosantos*
 16 (2011) 53 Cal.4th 231 delayed the preparation by successor
 17 agencies and the approval by oversight boards of the January 1,
 18 2012, through June 30, 2012, Recognized Obligation Payment
 19 Schedule, a successor agency may amend the Enforceable
 20 Obligation Payment Schedule to authorize the continued payment
 21 of enforceable obligations until the time that the January 1, 2012,
 22 through June 30, 2012, Recognized Obligation Payment Schedule
 23 has been approved by the oversight board and by the Department
 24 of Finance. The successor agency may utilize reasonable estimates
 25 and projections to support payment amounts for enforceable
 26 obligations if the successor agency submits appropriate supporting
 27 documentation of the basis for the estimate or projection to the
 28 Department of Finance and the auditor-controller.

29 (2) The Department of Finance and the Controller shall each
 30 have the authority to require any documents associated with the
 31 enforceable obligations to be provided to them in a manner of
 32 their choosing. Any taxing entity, the department, and the
 33 Controller shall each have standing to file a judicial action to
 34 prevent a violation under this part and to obtain injunctive or other
 35 appropriate relief.

36 (3) Commencing on the date the Recognized Obligation Payment
 37 Schedule is valid pursuant to subdivision (1), only those payments
 38 listed in the Recognized Obligation Payment Schedule may be
 39 made by the successor agency from the funds specified in the
 40 Recognized Obligation Payment Schedule. In addition, after it

1 *becomes valid, the Recognized Obligation Payment Schedule shall*
2 *supersede the Statement of Indebtedness, which shall no longer*
3 *be prepared nor have any effect under the Community*
4 *Redevelopment Law (Part 1 (commencing with Section 33000)).*

5 *(4) Nothing in the act adding this part is to be construed as*
6 *preventing a successor agency, with the prior approval of the*
7 *oversight board, as described in Section 34179, from making*
8 *payments for enforceable obligations from sources other than*
9 *those listed in the Recognized Obligation Payment Schedule.*

10 *(5) From February 1, 2012, to July 1, 2012, a successor agency*
11 *shall have no authority and is hereby prohibited from accelerating*
12 *payment or making any lump-sum payments that are intended to*
13 *prepay loans unless the accelerated repayments were required*
14 *prior to the effective date of this part.*

15 *(b) Maintain reserves in the amount required by indentures,*
16 *trust indentures, or similar documents governing the issuance of*
17 *outstanding redevelopment agency bonds.*

18 *(c) Perform obligations required pursuant to any enforceable*
19 *obligation.*

20 *(d) Remit unencumbered balances of redevelopment agency*
21 *funds to the county auditor-controller for distribution to the taxing*
22 *entities, including, but not limited to, the unencumbered balance*
23 *of the Low and Moderate Income Housing Fund of a former*
24 *redevelopment agency. In making the distribution, the county*
25 *auditor-controller shall utilize the same methodology for allocation*
26 *and distribution of property tax revenues provided in Section*
27 *34188.*

28 *(e) Dispose of assets and properties of the former redevelopment*
29 *agency as directed by the oversight board; provided, however,*
30 *that the oversight board may instead direct the successor agency*
31 *to transfer ownership of certain assets pursuant to subdivision (a)*
32 *of Section 34181. The disposal is to be done expeditiously and in*
33 *a manner aimed at maximizing value. Proceeds from asset sales*
34 *and related funds that are no longer needed for approved*
35 *development projects or to otherwise wind down the affairs of the*
36 *agency, each as determined by the oversight board, shall be*
37 *transferred to the county auditor-controller for distribution as*
38 *property tax proceeds under Section 34188. The requirements of*
39 *this subdivision shall not apply to a successor agency that has*

1 *been issued a finding of completion by the Department of Finance*
2 *pursuant to Section 34179.7.*

3 *(f) Enforce all former redevelopment agency rights for the*
4 *benefit of the taxing entities, including, but not limited to,*
5 *continuing to collect loans, rents, and other revenues that were*
6 *due to the redevelopment agency.*

7 *(g) Effectuate transfer of housing functions and assets to the*
8 *appropriate entity designated pursuant to Section 34176.*

9 *(h) Expeditionously wind down the affairs of the redevelopment*
10 *agency pursuant to the provisions of this part and in accordance*
11 *with the direction of the oversight board.*

12 *(i) Continue to oversee development of properties until the*
13 *contracted work has been completed or the contractual obligations*
14 *of the former redevelopment agency can be transferred to other*
15 *parties. Bond proceeds shall be used for the purposes for which*
16 *bonds were sold unless the purposes can no longer be achieved,*
17 *in which case, the proceeds may be used to defease the bonds.*

18 *(j) Prepare a proposed administrative budget and submit it to*
19 *the oversight board for its approval. The proposed administrative*
20 *budget shall include all of the following:*

21 *(1) Estimated amounts for successor agency administrative*
22 *costs for the upcoming 12-month fiscal period.*

23 *(2) Proposed sources of payment for the costs identified in*
24 *paragraph (1).*

25 *(3) Proposals for arrangements for administrative and*
26 *operations services provided by a city, county, city and county, or*
27 *other entity.*

28 *(k) Provide administrative cost estimates, from its approved*
29 *administrative budget that are to be paid from property tax*
30 *revenues deposited in the Redevelopment Property Tax Trust Fund,*
31 *to the county auditor-controller for each 12-month fiscal period.*

32 *(l) (1) Before each 12-month fiscal period, prepare a*
33 *Recognized Obligation Payment Schedule in accordance with the*
34 *requirements of this paragraph. For each recognized obligation,*
35 *the Recognized Obligation Payment Schedule shall identify one*
36 *or more of the following sources of payment:*

37 *(A) Low and Moderate Income Housing Fund.*

38 *(B) Bond proceeds.*

39 *(C) Reserve balances.*

40 *(D) Administrative cost allowance.*

1 (E) *The Redevelopment Property Tax Trust Fund, but only to*
2 *the extent no other funding source is available or when payment*
3 *from property tax revenues is required by an enforceable obligation*
4 *or by the provisions of this part.*

5 (F) *Other revenue sources, including rents, concessions, asset*
6 *sale proceeds, interest earnings, and any other revenues derived*
7 *from the former redevelopment agency, as approved by the*
8 *oversight board in accordance with this part.*

9 (2) *A Recognized Obligation Payment Schedule shall not be*
10 *deemed valid unless all of the following conditions have been met:*

11 (A) *A Recognized Obligation Payment Schedule is prepared by*
12 *the successor agency for the enforceable obligations of the former*
13 *redevelopment agency. The initial schedule shall project the dates*
14 *and amounts of scheduled payments for each enforceable*
15 *obligation for the remainder of the time period during which the*
16 *redevelopment agency would have been authorized to obligate*
17 *property tax increment had the redevelopment agency not been*
18 *dissolved.*

19 (B) *The Recognized Obligation Payment Schedule is submitted*
20 *to and duly approved by the oversight board. The successor agency*
21 *shall submit a copy of the Recognized Obligation Payment*
22 *Schedule to the county administrative officer, the county*
23 *auditor-controller, and the Department of Finance at the same*
24 *time that the successor agency submits the Recognized Obligation*
25 *Payment Schedule to the oversight board for approval.*

26 (C) *A copy of the approved Recognized Obligation Payment*
27 *Schedule is submitted to the county auditor-controller, the*
28 *Controller's office, and the Department of Finance, and is posted*
29 *on the successor agency's Internet Web site.*

30 (3) *The Recognized Obligation Payment Schedule shall be*
31 *forward looking to the next 12-month fiscal period, for the first*
32 *12-month fiscal period commencing after January 1, 2016. The*
33 *first Recognized Obligation Payment Schedule shall be submitted*
34 *to the Controller's office and the Department of Finance by April*
35 *15, 2012, for the period of January 1, 2012, to June 30, 2012,*
36 *inclusive. This Recognized Obligation Payment Schedule shall*
37 *include all payments made by the former redevelopment agency*
38 *between January 1, 2012, through January 31, 2012, and shall*
39 *include all payments proposed to be made by the successor agency*
40 *from February 1, 2012, through June 30, 2012. Former*

1 redevelopment agency enforceable obligation payments due, and
2 reasonable or necessary administrative costs due or incurred,
3 prior to January 1, 2012, shall be made from property tax revenues
4 received in the spring of 2011 property tax distribution, and from
5 other revenues and balances transferred to the successor agency.

6 (4) The Recognized Obligation Payment Schedule may be
7 amended by the oversight board during a 12-month fiscal period
8 as long as the amendment is approved at least 90 days before the
9 date of the next property tax distribution.

10 (m) The Recognized Obligation Payment Schedule for the period
11 of January 1, 2013, to June 30, 2013, shall be submitted by the
12 successor agency, after approval by the oversight board, no later
13 than September 1, 2012. Commencing with the Recognized
14 Obligation Payment Schedule covering the period of July 1, 2013,
15 through December 31, 2013, successor agencies shall submit an
16 oversight board-approved Recognized Obligation Payment
17 Schedule to the Department of Finance and to the county
18 auditor-controller no fewer than 90 days before the date of
19 property tax distribution. The Department of Finance shall make
20 its determination of the enforceable obligations and the amounts
21 and funding sources of the enforceable obligations no later than
22 45 days after the Recognized Obligation Payment Schedule is
23 submitted. Within five business days of the department's
24 determination, a successor agency may request additional review
25 by the department and an opportunity to meet and confer on
26 disputed items. The meet and confer period may vary; an untimely
27 submittal of a Recognized Obligation Payment Schedule may result
28 in a meet and confer period of less than 30 days. The department
29 shall notify the successor agency and the county auditor-controllers
30 as to the outcome of its review at least 15 days before the date of
31 property tax distribution.

32 (1) The successor agency shall submit a copy of the Recognized
33 Obligation Payment Schedule to the Department of Finance
34 electronically, and the successor agency shall complete the
35 Recognized Obligation Payment Schedule in the manner provided
36 for by the department. A successor agency shall be in
37 noncompliance with this paragraph if it only submits to the
38 department an electronic message or a letter stating that the
39 oversight board has approved a Recognized Obligation Payment
40 Schedule.

1 (2) If a successor agency does not submit a Recognized
2 Obligation Payment Schedule by the deadlines provided in this
3 subdivision, the city, county, or city and county that created the
4 redevelopment agency shall be subject to a civil penalty equal to
5 ten thousand dollars (\$10,000) per day for every day the schedule
6 is not submitted to the department. The civil penalty shall be paid
7 to the county auditor-controller for allocation to the taxing entities
8 under Section 34183. If a successor agency fails to submit a
9 Recognized Obligation Payment Schedule by the deadline, any
10 creditor of the successor agency or the Department of Finance or
11 any affected taxing entity shall have standing to and may request
12 a writ of mandate to require the successor agency to immediately
13 perform this duty. Those actions may be filed only in the County
14 of Sacramento and shall have priority over other civil matters.
15 Additionally, if an agency does not submit a Recognized Obligation
16 Payment Schedule within 10 days of the deadline, the maximum
17 administrative cost allowance for that period shall be reduced by
18 25 percent.

19 (3) If a successor agency fails to submit to the department an
20 oversight board-approved Recognized Obligation Payment
21 Schedule that complies with all requirements of this subdivision
22 within five business days of the date upon which the Recognized
23 Obligation Payment Schedule is to be used to determine the amount
24 of property tax allocations, the department may determine if any
25 amount should be withheld by the county auditor-controller for
26 payments for enforceable obligations from distribution to taxing
27 entities, pending approval of a Recognized Obligation Payment
28 Schedule. The county auditor-controller shall distribute the portion
29 of any of the sums withheld pursuant to this paragraph to the
30 affected taxing entities in accordance with paragraph (4) of
31 subdivision (a) of Section 34183 upon notice by the department
32 that a portion of the withheld balances are in excess of the amount
33 of enforceable obligations. The county auditor-controller shall
34 distribute withheld funds to the successor agency only in
35 accordance with a Recognized Obligation Payment Schedule
36 approved by the department. County auditor-controllers shall lack
37 the authority to withhold any other amounts from the allocations
38 provided for under Section 34183 or 34188 unless required by a
39 court order.

1 (4) (A) *The Recognized Obligation Payment Schedule payments*
2 *required pursuant to this subdivision may be scheduled beyond*
3 *the existing Recognized Obligation Payment Schedule cycle upon*
4 *a showing that a lender requires cash on hand beyond the*
5 *Recognized Obligation Payment Schedule cycle.*

6 (B) *When a payment is shown to be due during the Recognized*
7 *Obligation Payment Schedule period, but an invoice or other*
8 *billing document has not yet been received, the successor agency*
9 *may utilize reasonable estimates and projections to support*
10 *payment amounts for enforceable obligations if the successor*
11 *agency submits appropriate supporting documentation of the basis*
12 *for the estimate or projection to the department and the*
13 *auditor-controller.*

14 (C) *A Recognized Obligation Payment Schedule may also*
15 *include appropriation of moneys from bonds subject to passage*
16 *during the Recognized Obligation Payment Schedule cycle when*
17 *an enforceable obligation requires the agency to issue the bonds*
18 *and use the proceeds to pay for project expenditures.*

19 (n) *Cause a postaudit of the financial transactions and records*
20 *of the successor agency to be made at least annually by a certified*
21 *public accountant.*

22 (o) *The 12-month fiscal period specified in subdivisions (j), (k),*
23 *and (l) shall correspond to the period from July 1 through June*
24 *30, inclusive, unless an oversight board and the Department of*
25 *Finance approve a successor agency's request for the 12-month*
26 *fiscal period to correspond with a different fiscal year used by the*
27 *city, county, or city and county that created the former*
28 *redevelopment agency.*

29 (p) *This section shall not be construed to alter the semiannual*
30 *distribution of Redevelopment Property Tax Trust Fund payments*
31 *made in accordance with the projected payment schedule of the*
32 *approved Recognized Obligation Payment Schedule.*

33 (q) *This section shall become operative on January 1, 2016.*

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, June 2, 2014. (JR11)**

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